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SUBJECT: PRESIDENT KOCHARIAN'S NEW YEAR'S EVE REMARKS

¶1. SUMMARY: President Kocharian's New Year's Eve remarks reiterated his call for free and fair parliamentary elections in 2007, and for deepening Armenia's political and economic reforms, especially for competitive markets, judicial reform, and anti-corruption. He said that government-paid salaries and social payments would rise in 2007, in line with Armenia's growing economy. On foreign relations, Kocharian applauded Armenia's warm relations with Russia and France. He welcomed Armenia's new EU action plan, as part of the EU's New Neighborhood Policy, and also the Millennium Challenge Account Compact signing with the United States, which he said would foster development. He noted that the Iranian-Armenian natural gas pipeline would soon come on-stream, and predicted additional energy cooperation with Iran. On Nagorno-Karabakh, he noted that (Minsk Group) negotiations continued, and commented: "The negotiations should lead to the verification of the de facto existence of Nagorno Karabagh, and right of its people to live in freedom and security." END SUMMARY.

¶2. Full Text of Presidential Remarks (GOAM translation, as published on the presidential website www.president.am):

Dear Compatriots:

In a couple of minutes we will bid farewell to year 2006. It's been a peaceful and productive year. Armenia has continued its stable development. Accordingly, the next year the state budget will grow considerably, which means that salaries, pensions and social benefits will grow too. A number of projects, directed at the improvement of our people's life, will be implemented.

This year we respectably celebrated the 15th Anniversary of Armenia's independence. From a distance of the past years we can see our country's achievements and get a more precise view of what is still to be done. In 2007 there will be another jubilee. We will be celebrating the 15th Anniversaries of the establishment of our army and liberation of Shushi. It has become a good tradition in our families on this day to make a toast to the Armenian Army. I wish a good service to those of our servicemen who are celebrating the New Year in the places of their active duties, and I bow to the memory of the fallen. [EMBASSY NOTE: Shushi is a town in Nagorno Karabakh, which had been majority ethnic-Azeri before the NK conflict. END NOTE]

In the passing year Armenia's international involvement has become deeper. Our relations with Russia were highlighted by the Year of Armenia. There took place an active political dialogue, economic relations have become more dynamic, and a rich cultural program was presented in Russia. The Year of Armenia in France commenced with the state visit of the President of France to Armenia and unforgettable concert of Charles Aznavour.

There was signed the Plan of Action in the framework of the New Neighborhood policy. With the government of the United States we have started the implementation of the programs within the Millennium Challenge Initiative. Those open new opportunities for the development of our country. The Iran-Armenia gas pipeline will

soon become operational. With Iran we are planning to realize a number of new important projects in the energy sector.

Negotiations on the resolution of the NK conflict have continued. The negotiations should lead to the verification of the de facto existence of Nagorno Karabagh, and right of its people to live in freedom and security. The determination of the Artsakhi people was reaffirmed through the constitutional referendum. [EMBASSY NOTE: "Artsakhi" is a synonym for Karabakhi Armenians, as "Artsakh" is the preferred local name for Nagorno Karabakh. END NOTE]

The passing year was important also for the Armenia-Diaspora relations. There took place the Third Armenia-Diaspora Conference, and the main topic of its discussions was the program of rural development. I am confident that the results will become visible very soon. The Hayastan Foundation tele-marathon was conducted very enthusiastically. Thousand families participated at the marathon and brought their input to the development of Artsakh.

Dear compatriots,

We are entering year 2007 with strong anticipation of success and determination to continue reforms. Most important among them is the establishment of free competition, effectiveness of the judicial system and fight against corruption. Success will be achieved through persistent work.

In 2007 there will take parliamentary elections. I am confident that they will be conducted in a proper manner. Free and fair elections must become a priority for all of us.

Dear compatriots in Armenia, Artsakh and Spyurk, [EMBASSY NOTE: Spyurk denotes the Armenian Diaspora abroad. END NOTE]

Congratulations on the New Year! I wish year 2007 to be for your

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families a year of health, joy and prosperity. Let this New Year bring success and happiness to you homes.

Happy New Year!

END TEXT

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